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Director

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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March 10, 2005

Board of Supervisors

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To: Supervisor Gloria Molina, Chair
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Supervisor Don Knabe

From:

David Sanders, Ph.D.
David Sanders, Ph.D.
Director

**FEBRUARY 8, 2005, BOARD AGENDA ITEM 61, RE: POTENTIAL
RECONSTITUTION OF THE REFUGIO PARA NINOS FOSTER FAMILY AGENCY
(REFUGIO) TO ENSURE FISCAL ACCOUNTABILITY**

On January 25, 2005, your Board approved a motion to terminate for convenience the foster family agency ("FFA") contract with Refugio. This termination is effective April 27, 2005. Additionally, your Board requested that the Department of Children and Family Services ("DCFS") report back, in open session, on February 8, 2005, to address the potential reconstitution of Refugio in order to ensure its fiscal accountability. On that date, your Board received and filed DCFS's supporting document, dated February 4, 2005, and directed DCFS to provide this written report in lieu of an oral one.

At the January 25, 2005, Board Meeting, your Board requested DCFS, in consultation with County Counsel and the Auditor-Controller ("Auditor"), explore the following: (1) whether Refugio's Board of Directors can be reconstituted and/or its fiscal administration be placed under another non-profit organization in an effort to allow Refugio employees to continue to provide services and ensure that the placed children are not removed from their foster homes; and (2) whether the County can be reimbursed for any unallowable costs under the 2000 and 2005 audits.

The DCFS expressed its willingness to enter into a new contract with Refugio for the provision of foster family services, if Refugio complied with five non-negotiable requirements as described in the attached February 1, 2005 letter. One of these requirements is that Refugio submit a restructuring plan, acceptable to the County, for

the reconstitution of Refugio's Board and/or the placement of Refugio's fiscal administration under another non-profit. It was made clear to Refugio that its restructuring plan must demonstrate that Refugio will at all times remain fiscally responsible and operate in compliance with the Los Angeles County Auditor-Controller Handbook. After consulting with its counsel, Refugio concluded that reconstituting its Board was a more viable option, both practically and legally, than placing Refugio's fiscal administration under another non-profit. Currently, we are encouraged by Refugio's restructuring plan.

Another requirement is that Refugio establish a repayment plan to reimburse the County the unallowable costs under the 2000 and 2005 audits. Refugio has presented such a plan to the County departments and it looks encouraging as well.

Refugio's letter dated February 23, 2005, expresses its Board's intent to fully comply with the County's non-negotiable requirements. As a result of Refugio's newly selected Board's recent actions, we are hopeful that this matter will be reconciled and that we will present to Refugio a new contract. Once this matter is resolved, the resolution and new contract (effective April 28, 2005) will be presented to your Board for consideration and approval. We will notify your Board of any developments that may jeopardize the potential resolution of this matter.

For your review, the following documents are attached:

- January 27, 2005 – DCFS sent to Refugio the FFA Contract Termination Notification with an effective date of April 27, 2005.
- January 28, 2005 – DCFS sent a letter to Refugio Certified Foster Parents indicating DCFS had no plans to remove children from their homes unless a safety concern arose.
- February 1, 2005 – DCFS sent a letter to Refugio outlining five (5) non-negotiable requirements.
- February 4, 2005 – DCFS received a letter from Refugio that did not constitute an unconditional acceptance of the non-negotiable requirements.
- February 17, 2005 – DCFS sent a letter to Refugio stating that its February 4, 2005 response was not appropriate under the circumstances. The letter also clarified the County department's position regarding requirements 2, 3, and 5.
- February 23, 2005 – DCFS received an e-mail correspondence from newly elected Refugio Board of Directors President, Vern Van Voorst, expressing Refugio's bonified interest to resolve all pending issues.

- February 23, 2005 – DCFS received a letter from Refugio addressing their restructuring plan and willingness to fully accept the County's non-negotiable requirements.
- February 28, 2005 – DCFS received a fax of Refugio's employee roster. Per Refugio, this employee roster reflects current employees and vacancies.
- March 4, 2005 – DCFS sent a letter to Refugio expressing the County's willingness to enter into new FFA contract with Refugio on the condition that the previously stated non-negotiable requirements were satisfied.
- March 9, 2005 –E-mail from Jim Corn, counsel for Refugio, stating Refugio's agreement with the items discussed in DCFS's March 4, 2005 letter.

DS:wc

Confidential Attachments

- c: Chief Administrative Officer (Cover memo only)
County Counsel
Auditor Controller's Office (Cover memo only)
Board Executive Officer (Cover memo only)